

Message Text

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41

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 SP-02 USIA-06 AID-05 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00

XMB-02 FRB-03 IGA-02 CIAE-00 DODE-00 INR-07 NSAE-00

PA-01 PRS-01 L-03 EUR-12 /085 W

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P 121550Z APR 76

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC PRIORITY 5236

C O N F I D E N T I A L BUENOS AIRES 2440

E. O. 11652: GDS

TAGS: EFIN, EINV, AR

SUBJECT: FOREIGN BANKS AGREE TO DEBT ROLLOVER; CHASE SITUATION

1. ACCORDING RELIABLE SOURCES, FOREIGN BANKS HAVE AGREED ROLLOVER ARGENTINE DEBT FOR 180 DAYS TO ENABLE NEW MILITARY GOVT TO INITIATE ECONOMIC REORGANIZATION AND RECOVERY. SHORTLY AFTER JUNTA CAME TO POWER, CENTRAL BANK INTERVENTOR ALFREDO CASSINO CALLED TOGETHER REPRESENTATIVES OF FOREIGN BANKS IN BUENOS AIRES. PURPOSE OF MEETING WAS TO REQUEST FOREIGN BANK AGREEMENT TO ROLLOVER APPROXIMATELY \$500 MILLION OF COMMERCIAL AND FINANCIAL PUBLIC SECTOR DEBT COMING DUE DURING NEXT 6 MONTHS. AT SECOND MEETING, FOREIGN BANKS REPORTEDLY GAVE THEIR APPROVAL. CENTRAL BANK CONTACT CONFIRMED THIS VERSION APRIL 9. HE EMPHASIZED GOA REQUESTING ROLLOVER FROM PRIVATE COMMERCIAL BANKS AND NOT RPT NOT FROM EXIM BANK AND OTHER OFFICIAL BANKS.

2. IN RECENT CONVERSATION, LOCAL CHASE REP IBARRA HAS EXPRESSED CONCERN TO EMBASSY THAT CHASE ADOPTING SOMEWHAT INFLEXIBLE POSITION RE ITS PROBLEMS. ACCORDING IBARRA, CHASE WISHES HAVE ITS SITUATION STRAIGHTENED OUT BEFORE ACCEDING TO GOA REQUEST FOR DEBT ROLLOVER WHICH OTHER BANKS HAVE APPROVED. CHASE CONTINUING INSIST THAT GOA
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PAY \$30 MILLION WHICH DUE. IBARRA EXPRESSED HOPE USG

MIGHT CONTACT CHASE HOME OFFICE TO URGE CHASE AGREE
ROLLOVER DEBT, AT LEAST FOR SHORT PERIOD, TO ENABLE
MILITARY GOVT WORK OUT SATISFACTORY SOLUTION CHASE SITU-
ATION WITHOUT PRESSURE.

3. COMMENT: CHASE SITUATION REMAINS PARTICULARLY
SENSITIVE. IF DEPARTMENT AGREES, EMBASSY BELIEVES IT
WOULD BE APPROPRIATE CONTACT CHASE ASKING FOR UPDATE ON
ITS SITUATION AND EXPLAINING GENERALLY FAVORABLE USG
ATTITUDE TOWARD NEW GOVT. DEPT. MIGHT POINT OUT USG
IS DELAYING GSP ELIGIBILITY DECISION TO ALLOW GOA
SOME TIME TO WORK OUT SOLUTIONS TO INVESTMENT PROBLEMS.
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Message Attributes

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